

**Tuesday
January 2, 2013
Gautier, Mississippi**

BE IT REMEMBERED THAT A REGULAR MEETING of the Mayor and Council of City of Gautier, Mississippi was held January 2, 2013 at 6:30 PM in the City Hall Municipal Building, 3330 Highway 90, Gautier, Mississippi.

Those present were Mayor Fortenberry, Council Members Johnny Jones, Hurley Ray Guillotte, Gordon Gollott, Mary Martin, Scott Macfarland, Adam Colledge, City Manager Samantha Abell, Deputy City Clerk Tricia Thigpen, City Attorney Robert Ramsay and other concerned citizens. Absent was Interim City Clerk Cynthia Russell.

**AGENDA
CITY OF GAUTIER, MISSISSIPPI
CITY HALL COUNCIL CHAMBERS
January 2, 2013 @6:30 PM**

- I. Call to Order**
 - 1 Prayer**
 - 2 Pledge of Allegiance**
- II. Agenda Order Approval**
- III. Announcements**
 - 1 Office closed on Monday, January 21, 2013 in observance of the birthdays of Robert E. Lee and Dr. Martin Luther King, Jr.**
- IV. Presentation Agenda**
 - 1 Human Trafficking Awareness proclamation presented by Mayor Fortenberry**
 - 2 Indian Point Bayou Kayaking Boat Launch update by Larry Dailey**
- V. Public Agenda**
 - 1 Agenda Comments**
- VI. Business Agenda**
 - 1 Consider Order accepting FY 2011 Audited Financial Statements**
 - 2 Consider Resolution approving in-kind services for 22nd Annual Gautier Mardi Gras night parade**
 - 3 Consider Order approving Docket of Claims**

VII. Consent Agenda (All items approved in one motion)

- 1 Consider Order approving public hearing date for abatement at 7728 Narcissus Drive
- 2 Consider Order approving public hearing date for abatement at 1930 Greycliffe Drive
- 3 Consider Resolution authorizing the continuance of the Local Emergency for the Deep Water Horizon Oil Spill until further notice
- 4 Consider Order approving Gulf Coast Communications and Security Systems Notice of Claims
- 5 Consider Order approving Council Meeting Minutes held December 18, 2012

**STUDY AGENDA
CITY OF GAUTIER, MISSISSIPPI
January 2, 2013**

- 1 Discuss Citizen Comments
- 2 Discuss Council Comments
- 3 Discuss City Manager Comments
- 4 Discuss Interim City Clerk Comments
- 5 Discuss City Attorney Comments

Recess until January 15, 2013 @ 6:30 PM
www.gautier-ms.gov

Motion was made by Councilman Macfarland, seconded by Councilman Colledge and unanimously carried to approve the agenda order.

There came for consideration of the Mayor and Members of the Council of the City of Gautier, Mississippi, the following:

ORDER NUMBER 001-2013

IT IS HEREBY ORDERED by the Mayor and Members of the Council of the City of Gautier, Mississippi, that the FY 2011 Audited Financial Statements, prepared by Lloyd B. Marshall, Jr., Certified Public Accountant is hereby accepted.

IT IS FURTHER ORDERED that the City Manager or Interim City Clerk is authorized to execute any and all documents necessary.

Motion was made by Mayor Fortenberry, seconded by Councilman Macfarland and the following vote was recorded:

AYES: Tommy Fortenberry
Johnny Jones
Hurley Ray Guillotte
Gordon Gollott
Mary Martin
Scott Macfarland
Adam Colledge

NAYS: None

MAYOR

ATTEST:

DEPUTY CITY CLERK

PASSED AND ADOPTED by Mayor and Members of the Council of the City of Gautier, Mississippi, at the meeting of January 2, 2013.

CITY OF GAUTIER, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2011

CITY OF GAUTIER, MISSISSIPPI
MUNICIPAL OFFICIALS
For the Year Ended September 30, 2011

OFFICIALS

Mayor

Tommy Fortenberry

CITY COUNCIL

Councilwoman
Councilman
Councilman
Councilman
Councilman
Councilman

Mary Martin
Johnny Jones
Hurley Ray Guillotte
Gordon Gollott
Scott Macfarland
Adam Colledge

DEPARTMENT HEADS

City Attorney
City Manager
City Clerk
Police Chief

Robert Ramsay
Sidney Runnels
Wendy McClain
Edward E. Williams

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MEMBER: American Institute of CPA's
Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.
CERTIFIED PUBLIC ACCOUNTANT
4321 Gautier Vancleave Rd. Suite A
Gautier, Mississippi 39553

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Gautier, Mississippi

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gautier, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Gautier, Mississippi's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Because of the inadequacy of accounting records for the fiscal year ended September 30, 2011, that relate to the fixed assets, accumulated depreciation and depreciation expense, I was unable to form an opinion regarding those amounts and net assets invested in capital assets, net of related debt, for the Government-Wide Financial Statements, which includes amounts at which property and equipment and accumulated depreciation, and the amount of depreciation expense for the year then ended, as outlined in the Capital Assets Note to the Financial Statements, are recorded in the accompanying balance sheet at September 30, 2011, and the Proprietary Funds Financial Statements which includes amounts at which property and equipment and accumulated depreciation, and the amount of depreciation expense for the year then ended, as also outlined in the Capital Assets Note to the Financial Statements, are recorded in the accompanying balance sheet at September 30, 2011. As a result, I was unable to form an opinion on the respective net assets to which these balances are related.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had proper records concerning property and equipment and related accumulated depreciation been adequate, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gautier, Mississippi, as of September 30, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Independent Auditors' Report

Page 2

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2012, on my consideration of the City of Gautier, Mississippi's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 14 and pages 54 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gautier, Mississippi's financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements of to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.



Gautier, Mississippi
December 5, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

The discussion and analysis of the City of Gautier, Mississippi's (the City's) financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the City's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the City's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

The City implemented Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999, for the first time during fiscal year 2004. As discussed in Footnote 1, Statement No. 34 allows for certain transition treatments in regards to infrastructure. As of fiscal year-end September 30, 2011, the City has not completed implementation for previously constructed infrastructure assets.

FINANCIAL HIGHLIGHTS

- In 2011 and 2010, the City's net assets amounted to \$24,736,777 and \$22,754,253, respectively. The net assets for governmental activities totaled \$6,640,185 in 2011 and \$6,189,325 in 2010, contributing 26.84% and 27.19%, respectively, of total net assets; business-type activities contributed 73.16% and 72.79%, totaling \$18,096,592 in 2011 and \$16,564,928 in 2010.
- General revenues for 2011 and 2010 were \$7,652,750 and \$7,177,748, equaling 42.43% and 36.73% of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were \$10,383,204 and \$12,364,189, equaling 57.57% and 63.27% of total revenues.
- In 2011 and 2010, the City had \$16,053,433 and \$15,931,768 in expenses, respectively; only \$10,383,204 and \$12,364,189 of these expenses were offset by program specific charges for services, grants and contributions.
- Capital assets, net of accumulated depreciation, totaled \$42,829,424 in 2011 and \$40,197,623 in 2010.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of the following three components: 1) government- wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline both functions of the City and business-type activities.

The governmental activities of the City include police and fire protection, parks, recreation, public works, urban and economic development, and general administrative services. The business-type activities include the water and sewer system and its related projects.

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund financial statements - Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements are comprised of the following funds: governmental and proprietary (enterprise) funds.

Notes to the financial statements - The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 31-51 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds. A Budgetary Comparison Statement has been provided for the General Fund. This required supplementary information can be found on pages 53-57 of this report.

Reporting the City's Most Significant Funds

Fund financial statements begin on page 21 and provide detailed information about the most significant funds. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two major types of funds are discussed below:

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation's found on pages 22 and 24.

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Assets and the Statement of Activities. Proprietary funds include the Water and Sewer and Sewer Expansion funds. Other nonmajor proprietary funds include the Solid Waste and Sewer Rehab funds which are combined into a single column on the proprietary fund financial statements. These funds are the same as the business-type activities reported in the government-wide financial statements but provide more detail and additional information, such as cash flows. The accrual basis of accounting is used for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Net assets may serve over time as a useful indicator of a government's financial position. The following table presents a summary of the City's net assets for the fiscal years ended September 30, 2011 and 2010.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 6,293,513	9,116,244	3,486,166	3,006,158	9,779,679	12,122,402
Capital assets	<u>10,775,540</u>	<u>7,994,946</u>	<u>32,053,884</u>	<u>32,202,677</u>	<u>42,829,424</u>	<u>40,197,623</u>
Total assets	<u>17,069,053</u>	<u>17,111,190</u>	<u>35,540,050</u>	<u>35,208,835</u>	<u>52,609,103</u>	<u>52,320,025</u>
Long-term debt outstanding	9,252,245	9,407,181	15,359,010	16,715,325	24,611,255	26,122,506
Other liabilities	<u>1,176,623</u>	<u>1,514,684</u>	<u>2,084,448</u>	<u>1,928,582</u>	<u>3,261,071</u>	<u>3,443,266</u>
Total liabilities	<u>\$10,428,868</u>	<u>10,921,865</u>	<u>17,443,458</u>	<u>18,643,907</u>	<u>27,872,326</u>	<u>29,565,772</u>
Net assets:						
Invested in capital assets, net of debt	\$ 4,010,540	4,591,141	14,166,537	10,129,447	18,177,077	14,720,588
Restricted	129,530	167,790	1,278,254	1,116,815	1,407,784	1,284,605
Unrestricted	<u>2,500,115</u>	<u>1,430,394</u>	<u>2,651,801</u>	<u>5,318,666</u>	<u>5,151,916</u>	<u>6,749,060</u>
Total net assets	<u>\$ 6,640,185</u>	<u>6,189,325</u>	<u>18,096,592</u>	<u>16,564,928</u>	<u>24,736,777</u>	<u>22,754,253</u>

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

The City's restricted net assets accounted for 5.65% of total net assets in 2011, and 5.64% in 2010. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 64.42% of total net assets in 2011 and 63.07% in 2010, respectively. The remaining balance consisted of unrestricted net assets, is the part of net assets used to finance everyday operations without constraints of legal requirements.

The following are significant transactions that have had an impact on the Statement of Net Assets.

- In 2004, the City implemented the new standards of GASB 34 which requires it to report and depreciate new and old infrastructure assets [e.g. roads, bridges, underground pipes (other than utilities), traffic signals, etc.]. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal years ended in 2006. As of September 30, 2011, the City had not implemented retroactive reporting of infrastructure.

Changes in net assets - The City's total revenues for the fiscal years ended September 30, 2011 and 2010 were \$18,035,954 and \$19,541,937, respectively. The total cost of all programs and services was \$16,053,433 and \$15,931,768. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2011 and 2010.

Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for services	\$ 1,137,597	997,976	7,617,579	7,419,652	8,755,176	8,417,628
Operating Grants and Contributions	1,130,759	1,479,495	-	-	1,130,759	1,479,495
Capital Grants And contributions	-	-	497,269	2,467,066	497,269	2,467,066
General Revenues						
Property Taxes	3,478,622	3,202,977	-	-	3,478,622	3,202,977
Franchise Taxes	175,076	189,807	-	-	175,076	189,807
Intergovernmental Revenues	3,093,971	3,169,224	-	-	3,093,971	3,169,224
Other general revenues	492,196	178,824	412,885	436,916	905,081	615,740
Total revenues	<u>\$ 9,508,221</u>	<u>9,218,303</u>	<u>8,527,733</u>	<u>10,323,634</u>	<u>18,035,954</u>	<u>19,541,937</u>

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Expenses						
General Government	\$ 2,416,644	2,096,617	-	-	2,416,644	2,096,617
Public Safety	5,889,030	5,438,529	-	-	5,889,030	5,438,529
Public Works	1,261,218	965,768	-	-	1,261,218	965,768
Culture & Recreation	276,678	349,331	-	-	276,678	349,331
Capital Outlay	-	-	-	-	-	-
Debt Service-interest	367,684	268,382	-	-	367,684	268,382
Water and Sewer Fund	-	-	4,497,343	5,580,619	4,497,343	5,580,619
Solid waste	-	-	1,344,836	1,232,522	1,344,836	1,232,522
Total expenses	<u>\$10,211,254</u>	<u>9,118,627</u>	<u>5,842,179</u>	<u>6,813,141</u>	<u>16,053,433</u>	<u>15,931,768</u>
Increase in net assets	\$ (703,033)	99,676	2,685,554	3,510,493	1,982,521	3,610,169

Governmental activities

The following table presents the cost of major City functional activities: general government, public safety, public works, culture and recreation, urban and economic development, capital outlay, and debt service-interest. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

	Governmental Activities			
	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
General Government	\$ 2,416,644	(1,370,623)	2,096,617	(656,257)
Public Safety	5,889,030	(4,666,695)	5,438,529	(4,401,418)
Public Works	1,261,218	(1,261,218)	965,768	(965,768)
Culture & Recreation	276,678	(276,678)	349,331	(349,331)
Capital Outlay	-	-	-	-
Debt Service-interest	367,684	(367,684)	268,382	(268,382)
Total expenses	<u>\$10,211,254</u>	<u>(7,942,898)</u>	<u>9,118,627</u>	<u>(6,641,156)</u>

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

Business-type activities

The City's business-type activities generated a change in net assets of \$1,982,521 during the fiscal year ending September 30, 2011. This represents a decrease of approximately \$1,527,972 from the change during the previous year. The factors contributing to this decrease included:

- The Water and Sewer Fund had an increase in service charges of approximately \$197,927.
- The Water and Sewer Fund had a decrease in grant revenues of approximately \$ 1,969,797.
- The City had an increase in other revenues of approximately \$ 289,341.

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the City completed the year, its governmental funds reported a combined fund balance of \$1,737,421, compared to \$2,668,076 in the prior year. Activities within the general fund contributed to approximately 63.73% in 2011 and 71.36% of the fund balances, respectively. Other items that influenced the fund balances are as follows:

- The City received approximately \$2.2 million in sales tax revenues, which represents a decrease of approximately 7 % from the previous year.

General Fund Budgetary Highlights

Over the course of the year, adjustments made in the budget were minor. The changes were due to the following: 1) amendments were made shortly after the beginning of the year, 2) the Council made changes in the middle of the year to prevent shortages from the addition or extension of service contracts, or 3) the Council approved several increases in appropriations to prevent budget overruns and to recognize receipt of funds not expected.

With these adjustments, the actual expenditures were \$9,966,478 compared to \$10,541,826 in the budget. A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided on pages 53-57 of this report as required supplementary information.

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's total capital assets for 2011 and 2010 were \$42,829,424 and \$40,197,623, respectively. The City mainly invested in infrastructure improvements for the area. The following table presents a summary of the City's capital net assets for the fiscal years ended September 30, 2011 and 2010.

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 743,862	743,862	1,188,570	1,188,570	1,932,432	1,932,432
Construction in progress	572,774	-	-	1,824,227	572,774	1,824,227
Buildings and improvements	2,366,097	1,758,338	1,848,490	1,857,187	4,214,587	3,615,525
Machinery and Equipment	4,115,908	4,018,775	275,407	470,829	4,391,315	4,489,604
Utility System	-	-	28,741,417	26,861,864	28,741,417	26,861,864
Infrastructure	<u>2,976,899</u>	<u>1,473,971</u>			<u>2,976,899</u>	<u>1,473,971</u>
Total	<u>\$10,775,540</u>	<u>7,994,946</u>	<u>32,053,884</u>	<u>32,202,677</u>	<u>42,829,424</u>	<u>40,197,623</u>

This year's completed major projects included:

	Completed Through September 30, 2011	Remaining Commitment
Business-type activities:		
Allen Road Water and Sewer Expansion	\$ 451,377	-
Lift Station Upgrade	2,503,100	-
Water Improvements - Old Spanish Trail	2,527,999	-
Highway 90/57 Sewer System Expansion	6,631,715	-
Streetscape Project	552,774	5,090,828

CITY OF GAUTIER, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

Debt Administration At September 30, 2011, the City had \$27,085,336 in general obligation bonds and other long-term debt outstanding, of which \$ 2,324,771 is due within one year.

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds (backed by the City)	\$ 6,765,000	7,000,000	9,905,000	10,865,000	16,670,000	17,865,000
Revenue Bonds and Notes (backed by specific tax and fee revenues)	3,131,458	3,047,902	6,793,777	7,197,656	9,925,235	10,245,558
Compensated absences	306,696	283,927	34,095	29,125	340,791	313,052
Total	<u>\$10,203,154</u>	<u>10,331,829</u>	<u>16,732,872</u>	<u>18,091,781</u>	<u>27,085,336</u>	<u>28,423,610</u>

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On August 29, 2005, the City was severely impacted by Hurricane Katrina. The City is in the continuing process of rebuilding, which will be the case for some years. The City has used federal grants, insurance reimbursements and loans to help with these rebuilding costs.

The City's elected and appointed officials considered many factors when setting the fiscal-year 2011 budget, tax rates, and fees to be charged for business-type activities. The local economy continues its slow recovery from the loss of several major industries and revenues lost due to Hurricane Katrina, but the prospects for new industries are improving. This is evidenced by the Council utilizing the City's financial leverage in issuing seven million dollars of General Obligation Bonds for a New Police Station and other improvements to provide for a platform for continuing economic development.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If - you have any questions about this report or need additional financial information, contact the Finance Director's Office at 3330 Hwy 90, Gautier, Mississippi or tmontgomery@gautier-ms.gov.

BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS